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(Original Signature of Member)

109TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to deny any deduction for certain gifts and benefits provided to physicians by prescription drug manufacturers.

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**IN THE HOUSE OF REPRESENTATIVES**

Mr. STARK introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_  
\_\_\_\_\_

**A BILL**

To amend the Internal Revenue Code of 1986 to deny any deduction for certain gifts and benefits provided to physicians by prescription drug manufacturers.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Prescription Drug  
5       Safety and Affordability Act of 2006”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds that—

1           (1) gifts to physicians from pharmaceutical  
2           companies lead to the unnecessary prescribing of  
3           prescription drugs, inflating the costs of prescrip-  
4           tions and jeopardizing patient safety,

5           (2) the pharmaceutical industry annually  
6           spends \$7,800,000,000 promoting and marketing  
7           their products, by way of meals, travel subsidies,  
8           and other gifts to medical professionals,

9           (3) drug companies annually spend approxi-  
10          mately \$10,000 per physician on such promotions,

11          (4) the present extent of physician-industry  
12          interactions appears to adversely affect prescribing  
13          and professional behavior and should be further ad-  
14          dressed at the level of policy and education, and

15          (5) either redirecting these funds to research or  
16          lowering the costs of prescription drugs is a much  
17          more needed expenditure by the pharmaceutical in-  
18          dustry.

19 **SEC. 3. DISALLOWANCE OF DEDUCTION FOR PHYSICIAN**  
20 **GIFT EXPENSES OF PRESCRIPTION DRUG**  
21 **MANUFACTURERS.**

22          (a) GENERAL RULE.—Part IX of subchapter B of  
23 chapter 1 of the Internal Revenue Code of 1986 (relating  
24 to items not deductible) is amended by adding at the end  
25 the following new section:

1   **“SEC. 280I. PHYSICIAN GIFT EXPENSES OF PRESCRIPTION**  
2                   **DRUG MANUFACTURERS.**

3           “(a) GENERAL RULE.—No deduction shall be allowed  
4 under this chapter for any physician gift expense paid or  
5 incurred by any prescription drug manufacturer.

6           “(b) PHYSICIAN GIFT EXPENSE.—For purposes of  
7 this section, the term ‘physician gift expense’ means any  
8 gift provided directly or indirectly to or for the benefit of  
9 a physician, including gifts of meals, sponsored teachings,  
10 symposia, and travel, but not including product samples.

11          “(c) PRESCRIPTION DRUG MANUFACTURER.—For  
12 purposes of this section, the term ‘prescription drug man-  
13 ufacturer’ means—

14               “(1) any person engaged in the trade or busi-  
15 ness of manufacturing or producing any prescription  
16 drug, and

17               “(2) any person who is a member of an affili-  
18 ated group which includes a person described in  
19 paragraph (1).

20 For purposes of the preceding sentence, the term ‘affili-  
21 ated group’ means any affiliated group as defined in sec-  
22 tion 1504 (determined without regard to paragraphs (3)  
23 and (4) of 1504(b)).”.

1       (b) CLERICAL AMENDMENT.—The table of sections  
2 for part IX of subchapter B of chapter 1 of such Code  
3 is amended by adding at the end the following new item:

“Sec. 280I. Physician gift expenses of prescription drug manufacturers”.

4       (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to amounts paid or incurred after  
6 December 31, 2006.